

EL DORADO LOCAL AGENCY FORMATION COMMISSION

TABLE OF CONTENTS

I	EXECUTIVE SUMMARY	2
II	BACKGROUND.....	4
	A. Legislative Framework.....	4
	B. Relationship Between Spheres of Influence and Service Reviews.....	6
	C. Service Review Guidelines	7
III	AGENCY DESCRIPTION	9
IV	MSR DETERMINATIONS.....	24
V	SOI DETERMINATIONS.....	31
VI	ENVIRONMENTAL REVIEW.....	33
VII	ENVIRONMENTAL JUSTICE.....	34
VIII	REFERENCES AND SOURCES	36

EL DORADO LOCAL AGENCY FORMATION COMMISSION

I **EXECUTIVE SUMMARY**

State mandates enacted in 2000 establish requirements for a Local Agency Formation Commission to conduct comprehensive reviews of all municipal services (MSRs) in its county. This service review includes a summary and analysis of the Grizzly Flats Community Services District, along with a subsequent update to its spheres of influence. The MSR serves as a basis for the accompanying sphere of influence determinations and considerations for future government reorganizations. The information contained in this document does not explicitly plan for future services, nor will any action or change in services result directly as a result of LAFCO's adoption of the document. This service review provides a description of water related services provided by the district and is inherently retrospective, taking a "snapshot" of existing conditions. However, this document will be used as a guide for future decisions by LAFCO in determining the agency's ability to provide services. The report complies with all guidelines adopted by the Governor's Office of Planning and Research and will be available to other agencies and to the public.

As part of the inaugural cycle of municipal service reviews (2001-2008), El Dorado LAFCO contracted with Dudek to prepare the *Water, Wastewater and Power Municipal Services Review*, adopted by the Commission in January 2008, which reviewed all of the water service providers (among other services) in the county. However, for the second cycle, LAFCO will utilize a different approach. Each public agency under LAFCO jurisdiction which provides public services will be reviewed in an individual MSR, instead of a single comprehensive report. For more detailed information on the other agencies which provide similar services, please refer to the *2008 Water, Wastewater and Power Municipal Services Review*.

This MSR and LAFCO's adoption of a subsequent resolution making sphere of influence determinations are statutorily exempt from the California Environmental Quality Act [Class 6, §15061(b)(3)]. In undertaking this service review and making sphere of influence determinations, LAFCO considered its responsibilities under federal and state civil rights and environmental justice laws. The activities are covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

The MSR and sphere of influence update have no possibility for causing a significant effect on the environment.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

The structure of this report is as follows: Section II contains important background information, Section III contains a description of the Grizzly Flats Community Services District, Sections IV and V contain the service review and sphere of influence determinations, Sections VI and VII cover the environmental review and environmental justice determinations, and Section VIII contains the references.

For each of the six categories of required determinations, staff has prepared recommended determinations recognizing the following: unique land use and planning conditions, government organization and fiscal circumstance that affect the provision of service, effects of rapid demographic changes and growth, communities with different and similar service needs, and efforts to enhance service and impediments to doing so.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

II BACKGROUND

A. Legislative Framework

In 1997, the State Legislature established the Commission on Local Governance for the 21st Century (CLG). The CLG was tasked with assessing governance issues and making recommendations, directing special attention to the Cortese-Knox Local Government Reorganization Act of 1985, the then-57 Local Agency Formation Commissions governed by the Act and citizen participation in local government. CLG members included a broad spectrum of constituent groups and perspectives including counties, cities, special districts, educators, industry and elected officials.

The CLG concluded that LAFCOs needed more specific background information, before decisions on specific applications were considered, to encourage orderly growth and to provide planned, well-ordered, efficient urban development patterns and to advantageously provide for the present and future needs of each county and its communities. Specifically, the CLG recommended that information on public service capacity and issues be gathered through periodic service reviews. These service reviews would ultimately constitute a statewide body of knowledge that could be used to resolve California's growth-related public service issues. Based on these recommendations, the State Legislature enacted Government Code §56430 as part of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH), which became effective on January 1, 2001.

Section 56430 of the CKH Act, in part and as amended effective January 1, 2012, states as follows:

- (a) In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the sub-region, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:
 - (1) Growth and population projections for the affected area.
 - (2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
 - (3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs

EL DORADO LOCAL AGENCY FORMATION COMMISSION

or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.

- (4) Financial ability of agencies to provide services.
 - (5) Status of, and opportunities for, shared facilities.
 - (6) Accountability for community service needs, including governmental structure and operational efficiencies
 - (7) The potential effect of agency services on agricultural and open space lands.
- (b) In conducting a service review, the commission shall comprehensively review all of the agencies that provide the identified service or services within the designated geographic area. The commission may assess various alternatives for improving efficiency and affordability of infrastructure and service delivery within and contiguous to the sphere of influence, including, but not limited to, the consolidation of governmental agencies.
- (c) In conducting a service review, the commission may include a review of whether the agencies under review, including any public water system as defined in Section 116275, are in compliance with the California Safe Drinking Water Act (Chapter 4 (commencing with Section 116270) of Part 12 of Division 104 of the Health and Safety Code). A public water system may satisfy any request for information as to compliance with that act by submission of the consumer confidence or water quality report prepared by the public water system as provided by Section 116470 of the Health and Safety Code.
- (d) The commission may request information, as part of a service review under this section, from identified public or private entities that provide wholesale or retail supply of drinking water, including mutual water companies formed pursuant to Part 7 (commencing with Section 14300) of Division 3 of Title 1 of the Corporations Code, and private utilities, as defined in Section 1502 of the Public Utilities Code.
- (e) The commission shall conduct a service review before, or in conjunction with, but no later than the time it is considering an action to establish a sphere of influence in accordance with Section 56425 or 56426.5 or to update a sphere of influence pursuant to Section 56425.

In addition, several sections of CKH empower LAFCOs to obtain information for service reviews:

- Section 56378 authorizes LAFCOs to initiate and make studies of existing governmental agencies. “In conducting those studies, the

EL DORADO LOCAL AGENCY FORMATION COMMISSION

commission may ask for land use information, studies, and plans of cities, counties, districts, including school districts, community college districts, and regional agencies and state agencies and departments. (Those agencies) shall comply with the request of the commission for that information..."

- Section 56846 states, "Every officer of any affected county, affected city, or affected district shall make available to a reorganization committee any records, reports, maps, data, or other documents which in any way affect or pertain to the committee's study, report, and recommendation and shall confer with the committee concerning the problems and affairs of the county, city, or district."
- Section 56844 authorizes the Commission to undertake a study or report in place of a reorganization committee, thereby transferring those access rights.

B. Relationship Between Spheres of Influence and Service Reviews

The CKH Act requires LAFCOs to develop and determine the sphere of influence (SOI) for each applicable local governmental agency that provides services or facilities related to development. Government Code §56076 defines a SOI as "a plan for the probable physical boundaries and service area of a local agency." Service reviews must be completed prior to the establishment or update of SOIs (§56430(a)). Spheres of influence must be reviewed and updated, as necessary, not less than once every five years (§56425). El Dorado LAFCO's policies already contain the update requirement (Policy 4.2).

The information and determinations contained in a municipal service review are intended to guide and inform SOI decisions. Service reviews enable LAFCO to determine SOI boundaries and to establish the most efficient service provider for areas needing new service. They also function as the basis for other government reorganizations. Section 56430, as noted above, states that LAFCO can conduct these reviews "before, in conjunction with, but no later than the time it is considering an action to establish a SOI."

In addition to the factors in Government Code §§56425 and 56430, the Commission's Policies and Guidelines Section 4.4 require that it make the following determinations prior to establishing a sphere of influence:

- (1) The service capacity, level and types of services currently provided by the agency and the areas where these services are provided.
- (2) Financial capabilities and costs of service.
- (3) Topographic factors and social and economic interdependencies.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

- (4) Existing and planned land uses, land use plans and policies; consistency with county and city general plans and projected growth in the affected area.
- (5) Potential effects on agricultural and open space lands.
- (6) A description of the services that will be provided to any areas which may be added to the sphere and the timing and method for funding expansion of facilities or services.
- (7) An analysis of the effects a proposed sphere of influence on other agencies and their service capabilities.

C. Service Review Guidelines

The Governor's Office of Planning and Research (OPR) was directed by statute (§56430) to prepare guidelines to assist LAFCOs in complying with the new service review requirements. In that regard, the final *Local Agency Formation Commission Municipal Service Review Guidelines* was released in August 2003. These guidelines were utilized in the preparation of this MSR.

The guidelines identify several possible goals and objectives for municipal service reviews to be achieved through written determinations in the nine required areas. These goals and objectives are as follows:

- Promote orderly growth and development in appropriate areas with consideration of service feasibility, service costs that affect housing affordability and preservation of open space, important agricultural land and finite natural resources.
- Encourage infill development and direct growth to areas planned for growth in general plans.
- Learn about service issues and needs.
- Plan for provision of high quality infrastructure needed to support healthy growth.
- Provide tools to support regional perspectives or planning that address regional, cross-county or statewide issues and processes.
- Develop a structure for dialogue among agencies that provide services.
- Develop a support network for smaller or ill-funded districts that provide valuable services.
- Provide backbone information for service provider directories or inventory reference documents for counties that do not have them.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

- Develop strategies to avoid unnecessary costs, eliminate waste and improve public service provision.
- Provide ideas about opportunities to streamline service provision through use of shared facilities, approval of different or modified government structures, joint service agreements, or integrated land use planning and service delivery programs.
- Promote shared resource acquisition, insurance policies, joint funding requests or strategies.

The guidelines emphasize that “LAFCOs may need to modify these recommendations to reflect local conditions, circumstances and types of services that are being reviewed.” To that end, El Dorado LAFCO also utilized its own set of policies for service reviews (Policy 5 et seq.), which incorporate the goals and objectives listed above.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

III AGENCY DESCRIPTION

Grizzly Flats Community Services District

Contact Information

Address: P.O. Box 250
4765 Sciaroni Road
Grizzly Flats, CA 95636

Phone: (530) 622-9626

Website: www.grizzlyflatscsd.com

Management Information

Governing Body: Board of Directors

Board Members: Andre Legrand Chair
Art Davidson Vice-Chair
Robert Ball Director
Don Sullivan Director
Doug Updike Director

Board Meetings: Monthly – 2nd Friday, 9:00 am, District Office

Staffing: Five Full-time employees

Service Information

Empowered Services: Water

Services Provided: Water storage, treatment and distribution

Service Area: Grizzly Flats; 2.71 square miles

Customers Served: 607 meter connections

Major Infrastructure: Raw water: 1 reservoir / 31 acre-feet
Treated water: 4 tanks / 600,000 gallons
8 pumps
150 Fire hydrants

Fiscal Information

2013-2014 Budget: \$431,429

Sources of Funding: Water User charges; used to fund the Operation and Maintenance (O&M) budget

Assessments: \$48 annual standby assessment per parcel; used to fund the Capital Improvement Projects (CIP) budget

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Background

The Grizzly Flats Community Services District (GFCSD) is located in southern El Dorado County, in the Sierra Nevada foothills, south-east of Placerville. GFCSD provides treated water for domestic use and fire protection.

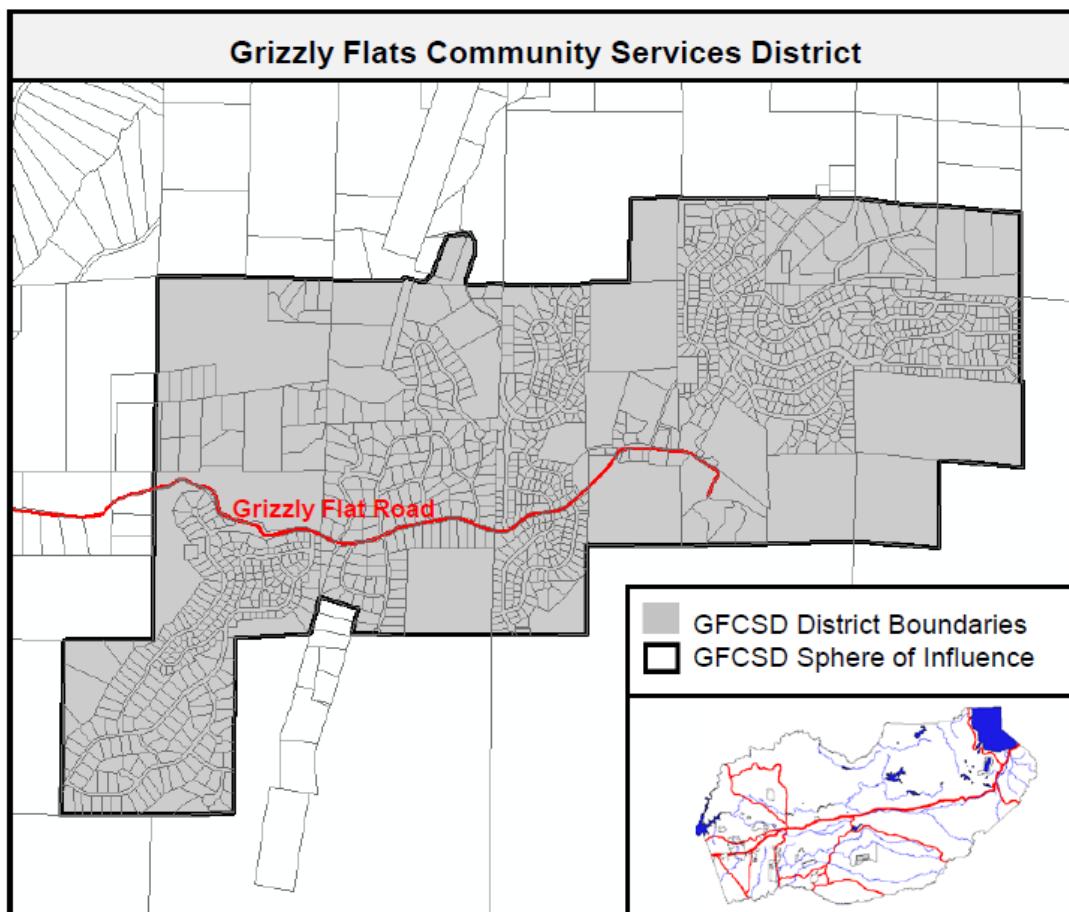
The community of Grizzly Flats was founded in the 1850s. Water was provided to the town by the historical Eagle Ditch. The privately owned Grizzly Park Water Company was formed in 1966 to serve the newly developed “Grizzly Park” subdivision in Grizzly Flats. The water company served water to the community until 1987. On October 27, 1987, the El Dorado County Board of Supervisors formed GFCSD under the Community Services District Law (Government Code §61000, et seq.). At that time, the District acquired all the water rights and facilities from the Grizzly Park Water Company.

Service Area and Sphere of Influence

GFCSD's service area encompasses approximately 2.7 square miles, including 1,228 parcels.

The GFCSD sphere of influence (SOI) was last updated in January 2008. Prior to 2008, the SOI included 13.6 square miles surrounding the District, much of which was within the Eldorado National Forest. The 2008 MSR found that while the District was operating well, water demands exceeded the safe yield of available supply, due to the District's limited storage capacity, which was likely to be exacerbated during multiple dry years. The previous SOI would have allowed the District to expand to more than twice its current size, which the 2008 MSR found was not supportable. LAFCO staff recommended a reduction of the GFCSD SOI to be coterminous with its boundaries in order to prevent unreasonable expectations from landowners outside of the current service area, thereby providing the agency with time as it pursues additional storage capacity and, if need be, additional water rights. The GFCSD Board unanimously supported the SOI reduction.

EL DORADO LOCAL AGENCY FORMATION COMMISSION



Population and Growth

The estimated population of GFCSD's service area is 1,100 people. The District currently serves 603 residential customers and four other customers. Approximately one-third of the homes in Grizzly Flats are used seasonally. Based on the El Dorado County Assessor's records, there are 387 acres of vacant land in the Grizzly Flats area comprising 58 parcels. A number of the remaining lots are not developable due to environmental conditions.

Elevations within the service area vary from 3,600 feet at the southwesterly end of the area to 4,200 feet at the northeasterly end. Most of the District typically gets several feet of snow in the winter. The topography and surrounding national forest pose significant physical limitations on the District's service area; consequently, little growth is anticipated within the District's boundaries. The growth that does occur will be a result of development of existing parcels and the transition from seasonal occupancy to permanent residencies.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Services Provided

GFCSD is empowered to provide domestic water service and water for fire suppression for both structures and wildfires.

District wide, GFCSD provides treated water to 603 residential customers, a church, an elementary school, a post office and a U.S. Forest Service station. The District's primary water supply is obtained through diversion of stream flows from the North Canyon and Big Canyon Creeks, which are tributaries to the North Fork Cosumnes River. Raw water from these sources is conveyed from the diversion points through GFCSD's piped Eagle Ditch to the District's raw water storage reservoir where it is treated to drinking water standards at the District's treatment facility.

GFCSD owns and maintains 150 fire hydrants, spread out within the District.

Expansion of Powers

In 2012, GFCSD staff, at the direction of the Board, informally inquired to LAFCO staff about the process to expand the District's empowered services to include park and recreation services, in order to maintain and operate a small District-owned parcel and pond as a community park. In order to provide a new service, the District would have to apply to LAFCO under the provisions of Government Code Sections 56824.10 – 56824.14. Among other application requirements, the District would be required to prepare a Service Plan, clearly specifying the type of recreation services it is considering providing to residents, the anticipated costs of these new services, and how these new services would be financed.

At this time, the District has decided not to pursue the expansion of powers after a recent survey of the community. Surveys were mailed to 585 GFCSD customers; only 121 surveys were returned. 55% of those surveys did not want the District to pursue a community park. The District will retain ownership of the parcel and water rights associated with the pond, but will not pursue a park at this time.

Personnel and Benefits

GFCSD currently has five full-time, regular employees eligible for receiving benefits, including the following positions: General Manager, Water System Manager, Water System Operator, Office Facilitator and Maintenance Technician. The Board selected an existing District employee to fill the General Manager position in July 2012.

Under policy direction of the Board of Directors, the General Manager manages and controls District operations and provides day-to-day leadership for staff; plans, organizes, coordinates and supervises all District functions and activities, which include administrative and activities related to the production and

EL DORADO LOCAL AGENCY FORMATION COMMISSION

distribution of potable water; provides policy guidance and program evaluation to staff and elected officials; fosters cooperative working relationships with intergovernmental and regulatory agencies, District employees, vendors and the general public; and performs related work as requested by the Board of Directors.

Administration and Management

GFCSD is an independent special district, governed by a Board of Directors that acts as the authoritative and legislative body of the entity. The Board of Directors is composed of five members, required to live within the GFCSD district boundaries, elected by the registered voters within the District to four-year staggered terms. Board elections are held during odd year elections, with two or three terms expiring at the same time. Occasionally a two-year term will be up for election when a member of the board is appointed to a vacant seat.

Board meetings are held at the District office at 4765 Sciaroni Road in Grizzly Flats, on the second Monday of each month at 9:00 am. Administrative office hours are currently Monday through Friday from 9:00 am to 2:00 pm. Meeting notices and agendas are posted at the District office, on the District's website (www.grizzlyflatscsd.com), and inside and outside of the Grizzly Flats Post Office at least 72 hours before regular meetings and 24 hours before special meetings (per California Brown Act, Government Code §54950 et seq.).

GFCSD distributes a quarterly newsletter which provides an overview of the District's projects and services. GFCSD has also recently created a new newsletter distributed via email to increase communication with customers. "*The Water Log*" is distributed two to four times a month and updates customers on current activities in the water system, board meetings, billing deadlines, conservation ideas, and other water related topics. GFCSD also distributes an annual Consumer Confidence Report and a State Notification Letter regarding the District's water treatment processes, both of which are mandated by the California Department of Public Health.

Operations

The District's operations staff works Monday through Friday from 7:00 am to 3:30 pm. In addition, the District is required to have an operator on-call 24 hours a day, seven days a week to respond to water emergencies. Staff can be reached by calling the District office at (530) 622-9626 during normal operations hours; customers who have an emergency outside of these hours can call the on-call water emergency pager at (530) 890-0102.

Volunteer Support

GFCSD relies on community volunteers to support the water system by providing

EL DORADO LOCAL AGENCY FORMATION COMMISSION

time, professional skills, and labor without cost to the District. These volunteers help the District keep costs down for all GFCSD rate payers.

The members of the Board of Directors are volunteers. The Board members serve on the Board and accept no compensation. They regularly spend between 10 and 40 hours per month volunteering their time, equipment and expertise to the District.

Other volunteers participate in a variety of projects, including monthly meter reading, clerical help, brush/trail cleanup, building maintenance, pipeline maintenance, and other miscellaneous tasks. Past volunteer projects include construction of the treatment plant and office building, installation of approximately three miles of pipe in Eagle Ditch, brush clearing at Grizzly Pond, assisting with various maintenance tasks and finding leaks in the distribution system.

Service Charges

GFCSD customers are billed a basic water charge of \$60.37 per month for usage up to 300 gallons per day. Usage exceeding this base allowance is calculated at a tiered rate. The District last updated its schedule of charges effective December 1, 2012.

Water meters are read monthly in cubic feet. In the instance meters cannot be read due to weather conditions, usage is estimated.

Infrastructure

GFCSD's primary water supply is obtained through diversion of stream flows from the North Canyon and Big Canyon Creeks, which are tributaries to the North Fork Cosumnes River.

Water is conveyed from the diversion points through GFCSD's piped Eagle Ditch to a raw water storage reservoir with a storage capacity of 31 acre-feet. In 2012, the reservoir was lined as part of the District's Water System Improvement Project with a geosynthetic liner to reduce water loss from seepage. Water loss was estimated to be as high as 35 acre-feet per year. Improvements were also made to the earthen berm which allows the District to store the full 31 acre feet of water for use in dry periods. This project greatly improved the District's water storage capacity.

The District can be vulnerable to water supply deficiencies during dry periods because GFCSD relies on the water stored in this single reservoir.

The raw water is treated to drinking water standards at the District's treatment facility that has a capacity of 400 gallons per minute. The District added a second filtration unit in 2003 along with a new 200,000 gallon storage tank. The

EL DORADO LOCAL AGENCY FORMATION COMMISSION

storage capacity for treated water is now 600,000 gallons. The distribution system is mainly gravity fed with pumping required in limited areas. As part of the Water System Improvement Project in the fall of 2011, the District installed approximately 4,000 linear feet of new water pipelines. This improved the distribution system's reliability, especially during high demand periods.

There are 150 fire hydrants in the community, rated at more than 500 gallons per minute. Per District policy, the raw water reservoir maintains 3.1 acre-feet of water for fire protection purposes, which is considered adequate for local structural fire protection but not wildfire suppression.

In the past, the District pursued opportunities to improve storage capacity such as a second reservoir (Reconnaissance Investigation of Offstream Storage, 1998). They also pursued a land use or trade with the U.S. Forest Service to build a second reservoir. The US Forest Service denied the District's request to use their property and a land trade was determined to be too costly for the District. The cost to secure the appropriate land and build a second reservoir was estimated to be more than \$20 million. Without substantial financial assistance, the cost to build a second reservoir is cost prohibitive for the District at this time. GFCSD plans to continue to research and pursue other possibilities to increase its water supply.

Capital Improvement Projects

GFCSD implemented a five year Capital Improvement Projects (CIP) and Asset Management Plan for infrastructure needs.

The CIP plans include new improvements or equipment for the water system. The 2013 – 2017 CIP Plan identifies approximately \$1 million in projects including the following:

- Water Rights Compliance Evaluation and gauges to measure the diversions to meet reporting requirements set by the State Water Resources Control Board;
- Water Tank Coating Evaluation and Retrofit Project. The District has been tasked by the California Department of Public Health to make improvements to its water storage tanks and correct corrosion issues found in the storage tanks and the District's filtration units;
- Installation of Pressure Reducing Valves (PRVs) to improve system reliability and safety;
- Installation of a SCADA system and Geographic Information System Mapping (GIS) program for ease of operations; and

EL DORADO LOCAL AGENCY FORMATION COMMISSION

- Resolving system issues such as the 2" water line between Sciaroni Rd. and Leoni Rd.

The Asset Management Plan was created in 2010 and is used to replace Operations and Maintenance (O&M) equipment and stabilize the O&M budget. The 2013 – 2017 AM Plan identifies approximately \$90,000 in projects including the following:

- Radio replacement to conform with FCC Narrowbanding regulations;
- New roof for the Treatment Plant/Office building;
- Rebuilding various outbuildings;
- Replacement of two pumps (both 40+ years old) in the distribution system;
- Engineering and construction of the piping system at Tyler Pump Station;
- Engineering and construction of a bypass line at Forest View Tank; and
- Various other equipment replacements as needed.

Water System Improvement Project

In 2009, GFCSD was approved for a \$952,000 loan and a \$463,000 grant from the United States Department of Agriculture (USDA) for the District's Water System Improvement Project (WSIP), designed to improve water delivery and system reliability. The WSIP was delayed slightly in 2010, due to an environmental issue related to the California Red-legged frog; however, construction for the project was started in 2011 and completed in 2012.

The WSIP consisted of the engineering and construction of certain improvements to the District's existing water system, which is approximately 40 to 50 years old.

Phase 1 of the project upgraded the water distribution system to include 1,934 linear feet of new 12" water line, taking water out to the system from the treatment plants. This new line parallels the original 6" line that is approximately 40+ years old. The District also added six new fire hydrants and a backflow meter to conform to State regulations. They also installed 2,011 linear feet of 8-inch pipe to provide for improved water delivery and system reliability. Phase 1 was completed in February 2012.

Phase 2 of the WISP was completed in August 2012 and included re-compaction of the top three feet of the berm around the raw water reservoir and installation of a 60 mil high-density polyethylene (HDPE) liner to reduce water loss from seepage. The water loss was estimated to be as high as 35 acre feet per year.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Water Supply and Demand

Water Supply

Upon formation, the District assumed the water rights and facilities of the privately owned Grizzly Park Water Company. GFCSD has pre-1914 water rights and appropriative water rights to the North Canyon and Big Canyon Creeks, tributaries to the North Fork Cosumnes River, and to an unnamed tributary to Steely Creek.

GFCSD has a pre-1914 water right to divert water from two creeks, the North Canyon Creek and Big Canyon Creek in the North Fork Cosumnes River Basin. The North Canyon Creek watershed covers approximately 1,120 acres and the Big Canyon Creek watershed covers approximately 1,715 acres. Both of these creeks are fed by seasonal rainfall and snowmelt and are part of a spring-fed system. Approximately six parcels located outside and upstream of the District's boundary share this water source, which has a firm yield of 184 acre-feet of water per year. The firm yield was increased from 166 acre-feet per year due to the installation of the reservoir liner.

The District also has two permits from the State Water Resources Control Board for additional diversions. Permit 20357 authorizes the District to divert up to three acre-feet per year (between November 1 and June 15) from an unnamed tributary to the Steely Fork of the Cosumnes River. This water is stored in Grizzly Pond for fire suppression purposes as no treatment is available. Permit 20358 allows the District to divert up to 31 acre feet per year (between November 1 and June 15) from the North Canyon Creek and Big Canyon Creek for seasonal storage in the raw water reservoir.

The District has one well with an estimated capacity of less than 15 gallons per minute; however, it has high levels of manganese and iron and requires significant treatment upgrades before it can be used for potable supply. After multiple well pump tests and meetings with California Department of Public Health, the District determined that making those upgrades is not financially feasible. Within the next year, the District will be legally abandoning this well. The District will continue to evaluate the possibility of adding wells to its system to increase their water supply in order to meet future growth.

Water Demand

Based on metered usage, water demands for GFCSD were 140.5 acre-feet in 2009 (Supply and Demand Findings, URS 2009). All District customers are metered. Meters are read monthly by volunteers and District staff.

The District is in the process of implementing a Diversion gauging project (Water Rights Compliance Evaluation, ECORP) to record water levels in Eagle Ditch and

EL DORADO LOCAL AGENCY FORMATION COMMISSION

the raw water reservoir in order to provide more accurate data for future water supply and demand forecasts as well as for drought management studies.

The District encourages conservation and has adopted water use prohibitions. Ordinance 88-1 outlines water shortage response measures, including three stages of water emergency conditions under which customers are expected to conserve from 10 to 50 percent of average daily use depending on the severity.

Water Shortage Emergency Response Stages

The District encourages the public to practice and support water conservation at all times. However, typically toward the middle to late summer, water flows from the streams above town slow down considerably and the community is dependent on what is stored in the raw water reservoir. In order to ensure that everyone within the District has access to clean, safe water, customers are asked to conserve water when the flows are less than the amount of water demand from the community. The District posts notices at the post office, on the District website, in customers' monthly bills, or in a separate mailing if conditions warrant it.

GFCSD has three Water Shortage Emergency Response Stages: Stage 1) Water Emergency Alert – 10 to 20% conservation; Stage 2) Water Emergency – 20 to 30% conservation; and Stage 3) Critical Emergency – 30 to 50% conservation.

When any of the District's Water Shortage Emergency Response Stages are in place, a water patrol is initiated under the direction of the Board of Directors / General Manager to ensure compliance of the emergency measures. Although the District prefers voluntary cooperation, the water conservation measures can be enforced through penalties.

Customers who fail to comply with the District's water shortage response measures are subject to the following citing and disconnect measures:

First offense:	Written warning
Second offense:	\$50 fine
Third offense:	\$100 fine
Fourth offense:	Termination of service, \$65 disconnection fee, \$60 reconnection fee (due before service restoration)

Since the reservoir liner was installed in August 2012, the District has not had to initiate any Water Shortage Emergency Response Stages. GFCSD is cautiously optimistic that the liner has significantly improved the District's ability to store the water needed to meet the demand of its current customers.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Funding and Budget

This section analyzes the financial operations of the GFCSD, including financial statements, audits, and other budgetary documents, to assess the long-term financial viability of the District. All monetary amounts cited in this section are rounded to nearest whole number and based on fiscal year (FY) 2013-14 budgetary information obtained from the District.

GFCSD maintains three separate budgets: Operations and Maintenance (O&M) budget, Asset Management budget, and Capital Improvement Projects (CIP) budget.

Operations and Maintenance Budget

Operations and Maintenance Budget Revenue (FY 2009-10 – 2013-14)

	FY 2009-2010 Actual	FY 2010-2011 Actual	FY 2011-2012 Actual	FY 2012-2013 Estimated	FY 2013-2014 Budget
Operating Revenue:					
Water User Fees	357,254	405,466	420,843	423,000	423,500
Penalties & Lien Fees *	28,990	28,190	23,750	19,050	0*
Miscellaneous Income	1,975	8,371	2,184	1,928	2,000
O&M Pooled Interest	229	0	502	643	550
New Meter Installation Fees	0	0	0	0	794
CIP Personnel Transfer	7,819	5,420	0	0	0
TOTAL REVENUE	\$396,267	\$447,447	\$447,279	\$444,621	\$426,844

* Penalties & Lien Fees are not included in the budget because it represents income that is not stable or relied upon. It does typically amount to a substantial amount of money each year and is reported on the District's monthly financial reports as it is billed. GFCSD expects to collect approximately \$20,000 in penalties and lien fees in FY 2013-14.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Operations and Maintenance Budget Expenditures (FY 2009-10 – 2013-14)

	FY 2009-2010 Actual	FY 2010-2011 Actual	FY 2011-2012 Actual	FY 2012-2013 Estimated	FY 2013-2014 Budget
Operating Expense--Salaries and Benefits:					
Salaries	199,880	213,232	186,953	215,212	237,440
Payroll Taxes & Workers' Comp.	26,368	25,657	25,847	29,812	31,611
Benefits	34,719	28,842	33,037	27,428	42,150
Sub-Total	\$260,967	\$267,730	\$245,837	\$272,452	311,201
Operating Expense--Maintenance and Operations:					
Operations & Utilities	22,002	22,036	21,203	21,418	24,690
Water Treatment	15,160	9,757	11,386	10,103	13,800
Maintenance	11,937	26,386	10,193	21,459	23,611
Vehicle Expenses	1,826	3,988	1,803	5,939	7,250
Employee Expenses	1,646	1,362	1,772	3,985	3,900
Sub-Total	\$52,571	\$63,529	\$46,357	\$62,904	\$73,251
Operating Expense--Administrative:					
Administration	17,842	18,454	17,705	20,357	24,150
Professional Services	33,904	22,351	24,351	21,623	22,827
Sub-Total	\$51,746	\$40,805	\$42,056	\$40,983	\$46,977
TOTAL EXPENSE	\$371,164	\$372,063	\$334,250	\$377,336	431,429

GFCSD's primary sources of revenue for the O&M budget are the District's rate payers.

There was an increase in personnel costs in FY 2013-14 due to the addition of one full-time employee and the increase of another part-time position to full-time, representing an increase of both hours and benefits. In addition, the District expects that fewer staff hours will be spent on CIP projects and the recently completed Water System Improvement Project (WSIP), which was accounted for in the WSIP Budget instead of the Operations and Maintenance Budget. Staff time spent working on the WISP since 2010 caused a decline in personnel costs for the O&M budget in recent years.

Asset Management Budget

The Asset Management Account was created by the Board of Directors in 2010. The account is meant to help stabilize the O&M budget by keeping a reserve account designated for the replacement of O&M equipment. Currently, the District transfers \$1,800 in to the account each month. The funds are held in the

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Local Agency Investment Fund (LAIF) to accrue interest. The balance is presented to the Board each month as part of the financial reports.

2012-13 Asset Management Account Balance & Income		Amount	2013-14 Asset Management Account Balance & Income		Amount
2012 Beginning Balance (July)		39,622	2013 Est. Beginning Balance (July)		29,456
2012-13 Contributions	+	21,600	2012-13 Contributions	+	21,600
2012-13 Spending	-	31,766	2012-13 Est. Spending	-	27,631
2013 Est. Ending Balance (June)		29,456	2014 Est. Ending Balance (June)		23,425

GFCSD's ending balance for the FY 2012-13 Asset Management budget was \$29,456, with contributions amounting to \$21,600 for the year. After accounting for estimated District spending upon completion of anticipated projects, the 2013-14 ending balance should be approximately \$23,425.

Anticipated projects for FY 2013-14 include light fixture replacement, purchase of new radios to comply with new Federal narrowbanding regulations, replacement of the office and treatment plant roofs, rebuilding of outbuildings, and re-piping and replacement of the pump at Tyler Tank.

Capital Improvement Projects Budget

The Capital Improvement Projects (CIP) account is funded by the District's standby assessment. All parcels within the District's boundaries are assessed \$48 each year. The cost to maintain water capacity for future development is considered to be an expense to be shared by all future and current customers. This assessment is collected by the County on behalf of the District, along with property taxes. The Standby assessment amount has not been changed since 1990. GFCSD does not receive any increment of, or revenue from, collected property taxes. Other income comes from penalties on the standby assessment, new connection fees, interest and miscellaneous income such as cost sharing reimbursements.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

2013-14 CIP Budget	
CIP Income	
Standby Charges (\$48 x 1,228 parcels)	58,944
New Connection Fees (accounting for one new connection)	6,030
Misc. Income (EDCWA cost sharing – FY 2012-13)	20,000
Pooled Interest (based on FY 2012-13 figures)	1,500
Total CIP Income	\$86,474
Debt Service	
CDPH – Principal on Loan	11,832
USDA – Principal on Loan	12,626
Interest on Long-Term Debt (USDA - \$28,560, CDPH - \$4,788)	33,348
Total Debt Service	\$57,806
CIP Misc. Expenses	
Professional Services	2,500
Payroll – CIP	5,000
Depreciation (Amount set by Auditor)	67,606
Total CIP Misc. Expenses	\$75,106
Building, Improvements & Equipment	
Water Rights Compliance Evaluation (FY 2012-13 carry over)	2,130
Water Tank Coating Evaluation (FY 2012-13 carry over)	4,425
Diversion Gages	31,750
Corrosion Issues / Treatment Plants	Unknown cost
Forest View Bypass	7,900
Storage Tank Retrofit Projects	23,100
Hydrant Flow Meter	1,100
Push Rod Camera	9,500
Total Building, Improvements & Equipment	\$79,905
Total CIP Expenses	212,817
Net (Income-Expense)	\$(126,343)

CIP income for the 2013-14 fiscal year is estimated at \$86,474. 98% of GFCSD's standby assessment collected is designated to pay the District's debt service:

- California Department of Public Health (CDPH) Loan – used for the installation of Treatment Plant #2 and a 200,000 gallon water storage tank. The original loan amount was \$253,336 in January 2005. Payments are made twice per year (January and July) for a total annual payment of \$16,619. The current balance of the loan is \$156,460 and the expected payoff date is July 2024.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

- United States Department of Agriculture (USDA) Loan – used for the Water System Improvement Project. The original loan amount was \$952,000. Payments are made twice per year (April and October) for a total annual payment of \$41,186. The current balance of the loan is \$941,000 and the expected payoff date is October 2053.

CIP Projection on Cash Account Balance (FY 2012-13 – 2016-17)

Fiscal Year	Projected Annual INCOME	Annual EXPENSES			Annual Net (Income – Expenses)	Projected Balance at Year End
		From Five Year Plan	Debt Service	Other		
2012-13		(June 30, 2013 Balance)			564,266	
2013-14	86,474	79,905	57,806	75,000	(126,237)	438,029
2014-15	72,444	52,000	57,806	75,000	(112,362)	325,667
2015-16	72,444	87,000	57,806	75,000	(147,362)	178,305
2016-17	72,444	60,000	57,806	75,000	(120,362)	57,943

GFCSD is expecting to encounter a substantial net loss in its CIP account. The CIP income will not be sufficient to fund the planned CIP projects; therefore, CIP reserves will be used to cover the shortfall. The projects with the highest priority will be completed first and are projects that are required in order for GFCSD to meet regulations set by the California Department of Public Health or other regulating agencies.

Due to the District's aging infrastructure, there is an increasing need for more maintenance and replacement of assets; however, the CIP reserves are in danger of being depleted. Project spending will be considered carefully in the coming years by the District's management and Board of Directors. Low priority projects will be postponed until additional income can be found. High priority projects must be completed to maintain the safety and reliability of the GFCSD water system. This is a challenge many water districts throughout the state of California are trying to resolve as the water system infrastructure continues to age.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

IV MSR DETERMINATIONS

As explained in Section II of this report, State Law requires the Commission to make certain determinations in an MSR (Government Code §56430) and prior to establishing an SOI (Government Cod §56425). The Commission's Policies & Guidelines Section 4.4 also requires additional determinations prior to establishing a sphere. To the extent that is feasible, both sets of determinations will be addressed in this section. In addition, the following sections will detail the meaning of each factor and explain how it applies to the fire suppression and emergency services agencies.

1. Growth and population projections for the affected area.

Purpose: To evaluate service needs based on existing and anticipated growth patterns and population projections.

Information in this section addresses #3 and #4 of LAFCO Policy 4.4, which are:

- Topographic factors and areas of social and economic interdependencies.
- Existing and planned land uses, land use plans and policies, consistency with county and city general plans, and projected growth in the affected area.

GFCSD serves the unincorporated community of Grizzly Flats, which is located in the southern portion of El Dorado County. The US Census Bureau does not have a tract specific to the Grizzly Flats community, but the District estimates the population of its service area to be approximately 1,100 residents.

The topography and surrounding national forest pose significant physical limitations on the District's service area; consequently, little growth is anticipated within the District's boundaries. The growth that does occur will be a result of development of existing parcels and the transition from seasonal occupancy to permanent residencies.

2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

Purpose: To identify the communities within the agency's service area or sphere of influence that has been traditionally unserved or underserved.

Senate Bill 244, which became effective on July 1, 2012, is the State Legislature's attempt to address the issue of poor fringe communities lacking in basic municipal services, despite their proximity to cities and other local agencies providing those services. Among other things, SB 244 was written to assist disadvantaged communities that have been traditionally unserved or underserved. The statute now requires an MSR to 1) identify said communities,

EL DORADO LOCAL AGENCY FORMATION COMMISSION

and 2) document deficiencies in service related to basic public services, such as domestic water, sanitary sewers, paved streets, storm drains, and street lights. Beyond the MSR process, the bill also encourages local agencies to bring services to the disadvantaged communities up to the same standard as surrounding communities.

SB 244 focuses on “disadvantaged *unincorporated* communities” (DUCs) and its overall intent is to bring services up to the same standards as other communities by incorporating them (annexing them into a city). That approach is faulty as it applies to El Dorado County for two reasons. First, there are only two cities in El Dorado County and neither is in a financial or geographical position to extend services to all DUCs in the county. Second, in this county it is special districts that provide a significant amount of municipal services, not cities. For these reasons, this MSR will focus on “disadvantaged communities” (DACs), regardless of their location inside or outside a city.

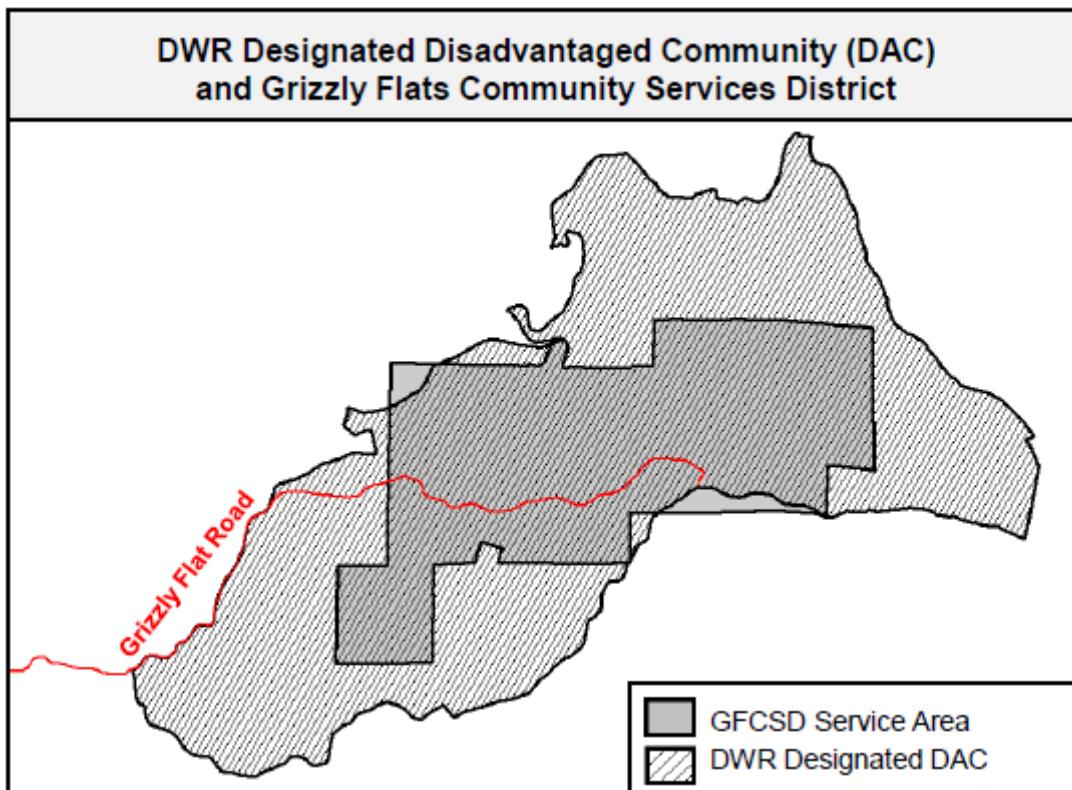
“Disadvantaged communities” are defined as inhabited territory with 12 or more registered voters that constitutes all or a portion of a “disadvantaged community,” which is defined in the Water Code to be “a community with an annual median household income that is less than 80 percent of the statewide annual median household income.” The United States Census does not publish demographic information related to income data at a level below “Census tract.” Consequently, for this report LAFCO relied on data from the following sources:

- GIS layers from the State Department of Water Resources (DWR), based on income data at the Census block level; and
- The US Census’ DataFERRETT (FERRETT stands for Federated Electronic Research, Review, Extraction, and Tabulation Tool), which allowed LAFCO staff to extract demographic data at the Census tract level

GIS Layers from the State Department of Water Resources

With assistance from the County Surveyor’s Office, LAFCO staff was able to integrate the DWR’s GIS layers with the County GIS system, resulting in the following map, which shows the GFCSD service area in relation to the DACs identified by DWR. According to DWR, almost the entire GFCSD service area is included within a DAC, which substantially surrounds the District.

EL DORADO LOCAL AGENCY FORMATION COMMISSION



DWR uses American Community Survey data, presumably at the “Census block” level, which is two levels lower than “Census tract”, the lowest level to have data available to the public. Data at the Census block level is not openly published, as it is essentially collected at the individual parcel level.

GFCSD's service boundaries fall into one of four Census block groups within Census tract 314.02. According to DWR, the other three Block Groups within Census tract 314.02 do not contain DACs.

Census Information from DataFERRETT

Unfortunately, DataFERRETT only contains information at the Census Tract level, which is one level higher than Census block group. As noted, GFCSD falls into one of four Census block groups which comprise Tract 314.02. DataFERRETT data for Tract 314.02 also includes the communities of Somerset, Fair Play, Mt. Aukum, Outingdale, and Omo Ranch. According to DataFERRETT, the medium household income in Tract 314.02 is \$53,414.

According to the US Census, the statewide median household income in 2010 is \$57,708, making \$34,624 the median household income for a disadvantaged community as defined by the Water Code. Therefore, US Census income data at the Tract level does not indicate the presence of DACs in Census Tract 314.02; however that may be due to not having comparable data at the same level. In

EL DORADO LOCAL AGENCY FORMATION COMMISSION

summary, LAFCO staff is not able to reproduce DWR's DAC findings with the level of income data available through DataFERRETT.

3. Present and planned capacity of public facilities, adequacy of public services and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.

Purpose: To evaluate the infrastructure needs and deficiencies of a district in terms of capacity, condition of facilities, service quality, and levels of service and its relationship to existing and planned service users, especially those in areas that have been traditionally unserved or underserved.

Information in this section addresses #1 and #6 of LAFCO Policy 4.4, which are:

- Service capacity, level and types of services currently provided by the agency, and areas where these services are provided.
- A description of the services that will be provided to any areas which may be added to the sphere and the timing and method for funding expansion of facilities or services.

As previously noted, the biggest challenge to the District is aging infrastructure and water storage capacity. The District can be vulnerable to water supply deficiencies during dry periods because GFCSD relies on the water stored in a single reservoir. The District recently completed its grant funded Water System Improvement Project (WSIP), designed to improve water delivery and system reliability. This included installation of new water pipelines to improve the distribution system's reliability during high demand periods, re-compaction of the berm around the raw water reservoir, and installation of a new reservoir liner to reduce water loss from seepage, which was estimated to be as high as 35 acre feet per year. Since the reservoir liner was installed in August 2012, the District has not had to initiate any Water Shortage Emergency Response Stages.

As noted earlier, SB 244 requires LAFCOs to identify disadvantaged communities in the MSR and to document service deficiencies to these communities related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.

The only service that GFCSD provides relative to the SB 244 requirements is municipal water. GFCSD currently provides municipal water service to the identified DAC areas within its boundaries, which comprise the majority of the District service area. Extension of service to additional DAC areas outside of current District boundaries would require expansion of the SOI, through the same process as non-disadvantaged communities. In that instance, GFCSD would

EL DORADO LOCAL AGENCY FORMATION COMMISSION

need to demonstrate that it has the supply and capacity to serve additional areas.

3. Financial ability of agencies to provide services.

Purpose: To evaluate factors that affect the financing of needed improvements

4. Status of, and opportunities for, shared facilities.

Purpose: To evaluate the opportunities for a jurisdiction to share facilities and resources to develop more efficient service delivery systems.

Information in this section addresses #2 of LAFCO Policy 4.4, which is:

- Financial capabilities and costs of service.

GFCSD is expecting to encounter a substantial net loss in its CIP account. The CIP income will not be sufficient to fund the planned CIP projects; therefore CIP reserves will be used to cover the shortfall. The projects with the highest priority will be completed first and are projects that are required in order for GFCSD to meet regulations set by the California Department of Public Health or other regulating agencies.

Due to the District's aging infrastructure, there is an increasing need for more maintenance and replacement of assets; however, the CIP reserves are in danger of being depleted. Project spending will be considered carefully in the coming years by the District's management and Board of Directors. Low priority projects will be postponed until additional income can be found. High priority projects must be completed to maintain the safety and reliability of the GFCSD water system. This is a challenge many water districts throughout the state of California are trying to resolve as the water system infrastructure continues to age.

The Capital Improvement Projects (CIP) account is funded by the District's standby assessment, which is \$48 per year, per parcel. The Standby assessment amount has not been changed since 1990. The District last updated its schedule of charges, effective December 1, 2012.

GFCSD provides service in a remote geographic region of the county making shared facilities unlikely. GFCSD does participate in regional water planning efforts and has worked with EID in the past on infrastructure projects that provided benefit to both districts. The District's water system is not interconnected with other water supply systems, so there are limited opportunities to share physical facilities and resources.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

5. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies

Purpose: To consider Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers; an evaluation of management efficiencies; and local accountability and governance.

Information in this section addresses #7 of LAFCO Policy 4.4, which is:

- An analysis of the effects of a proposed sphere of influence on other agencies and their service capabilities.

GFCSD is providing adequate service to its customers. No other agency was identified that could cost-effectively provide the services the District is providing to the community. Therefore, no other government structure options were identified.

GFCSD operates efficiently under its current governing structure by a five-member locally elected board of directors. The District appears to have sufficient staffing to conduct the District's business and to operate efficiently.

Board meetings are held at the District office the second Monday of each month. Meeting notices and the agenda are posted at the District office, on the District's website, and inside and outside of the local post office. The District's website also includes information on the District's services, finances, rates, planning studies and capital projects.

GFCSD distributes a quarterly newsletter which provides an overview of the District's projects and services, and new newsletter distributed via email two to four times a month to update customers on current activities in the water system, board meetings, billing deadlines, conservation ideas, and other water related topics. GFCSD also prepares and distributes an annual Consumer Confidence Report and a State Notification Letter regarding the District's water treatment processes, both of which are mandated by the California Department of Public Health.

6. The Potential Effect of Agency Services on Agricultural and Open Space Lands.

Purpose: To determine the extent in which the provision of services by the agency, or its potential expansion of services, impact agriculture and open space, both on lands within the agency or surrounding it.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Information in this section addresses #5 of LAFCO Policy 4.4, which is:

- Potential effects on agricultural and open space lands.

The 2004 General Plan directs unincorporated growth to already existing population centers, or community regions. While the Grizzly Flats area is not in a community region, it is designated as a rural center with an urban limit line (ULL). Grizzly Flats CSD's boundaries more or less conform to this community region, with the main differences being that the ULL contains two parcels to the north outside of the Grizzly Flats CSD's service area and the CSD service boundary encompasses five parcels on the east and south that are outside of the ULL.

The District abuts the Eldorado National Forest to the south and is substantially surrounded by the natural resources overlay. While Grizzly Flats CSD is a medium to high density residential island surrounded by timber uses, with a few exceptions growth will be restricted. Topography, new regulations relating to urban development, the nearby national forest, the District's ability to expand and the surrounding uses will hamper any substantial population increase. Consequently, there should be little, if any, new growth occurring in the area.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

V SOI DETERMINATIONS

In determining the sphere of influence for each local agency, Government Code §56425(e) requires the Commission to consider and prepare a written statement of determinations with respect to four factors. Staff recommends the following determinations for amending the sphere for the Grizzly Flats Community Services District:

1. The present and planned land uses in the area, including agricultural and open space lands.

Present land use in the GFCSD service area includes medium to high density residential uses, with a few parcels having other designations, such as open space and public facility use. Present land uses surrounding the District include "natural resources" or low density residential. Planned land uses are anticipated to remain the same as current land uses.

GFCSD's service area is overwhelmingly surrounded by a significant amount of U.S. Forest Service Land designated as natural resource, along with a few rural and medium density residential parcels. GFCSD's SOI was amended in 2008 to remove these parcels from the SOI, resulting in a new SOI that is now coterminous with the District's service boundaries.

2. The present and probable need for public facilities and services in the area.

Based on metered usage, water demands for GFCSD were 140.5 acre-feet in 2009 (Supply and Demand Findings, URS 2009); all District customers are metered. GFCSD's pre-1914 water rights provide a combined firm yield of 184 acre-feet of water per year. The firm yield increased from 166 acre-feet per year due to the completion of the District's Water System Improvement Project in 2012, which included the installation of a geosynthetic reservoir liner to reduce water loss from seepage. Water loss was estimated to be as high as 35 acre-feet per year. Improvements were also made to the earthen berm which allows the District to store the full 31 acre-feet of water for use in dry periods, which greatly improved the District's water storage capacity.

The District also has two permits from the State Water Resources Control Board for additional diversions between November 1 and June 15, which provides up to 31 acre-feet per year for seasonal storage in the raw water reservoir, and up to 3 acre-feet per year to be stored in Grizzly Pond for fire suppression purposes.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

The District has undergone steps to improve its water storage capacity. In 2009, GFCSD received two grants from the United States Department of Agriculture (USDA) for over \$1.4 million for the District's Water System Improvement Project (WSIP), designed to improve water delivery and system reliability. The WSIP consisted of the engineering and construction of certain improvements to the District's existing water system, which is approximately 40 to 50 years old.

The District has adequate plans and facilities to provide water service to its current residents; however expansion beyond its current service boundary would likely require further expansion of the District's water supply storage capacity.

4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

GFCSD serves the community of Grizzly Flats, which is the primary concentrated, social or economic community of interest within the District. Social or economic communities of interest in the area do not extend beyond the community of Grizzly Flats. Grizzly Flats is designated as a Rural Center by the 2004 County General Plan, and an urban limit line (ULL) is established for the community. The District's current boundaries are fairly consistent with the ULL. GFCSD has not indicated any specific areas planned for annexation in the near future, nor the need for sphere of influence or boundary adjustments.

Based upon the information contained in this report, it is recommended that no changes be made to the Grizzly Flats Community Services District sphere of influence at this time and that the Commission reaffirm the current SOI, which is coterminous with District service boundaries, and was last updated in January 2008.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

VI ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA, Public Resources Code §21000 et seq.) requires public agencies to evaluate the potential environmental effects of their actions. OPR's Service Review Guidelines Chapter 7, *Integrating Municipal Service Reviews with the California Environmental Quality Act*, advises that "no two municipal service reviews will be exactly alike and each needs to be evaluated on its specific merits and characteristics." The environmental review for El Dorado LAFCO's service review of Grizzly Flats Community services district is specific to this study and may differ from the environmental review of other service reviews and other LAFCOs.

Service reviews are intended to support sphere of influence updates, including the creation and amendment of SOI boundaries, as well as other government reorganization proposals. Such activities could influence future growth patterns, and as such are considered discretionary projects under CEQA. LAFCO has the principal responsibility for carrying out and approving this service review and therefore the principal responsibility for preparing CEQA documents as lead agency.

Exemption

This service review and accompanying sphere of influence determinations qualify for a statutory exemption as outlined in Public Resources Code §15061(b)(3). These activities are covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The MSR and sphere of influence update have no possibility for causing a significant effect on the environment. Any future projects that make use of this service review and the information contained herein will be subject to separate environmental review under CEQA.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

VII ENVIRONMENTAL JUSTICE

State law defines environmental justice as “the fair treatment of people of all races, cultures, and incomes with respect to the development, adoption, implementation, and enforcement of environmental laws, regulations, and policies” (Government Code §65040.12(e)). OPR explains that “as the primary agency with responsibility for approving changes in boundaries, LAFCOs play an important role in coordinating growth and ensuring that proposed changes are consistent with environmental justice obligations.” Changes of organization must be consistent with spheres of influence, and the information contained in this service review will guide future updates to agency spheres of influence.

OPR identifies several uses for data obtained in the service review process:

1. Improving the community participation process.
2. Identifying low-income/minority neighborhoods under-served by public facilities and services that enhance the quality of life.
3. Considering the equitable distribution of public facilities and services.
4. Considering infrastructure and housing needs.
5. Identifying low-income/minority neighborhoods where facilities and uses that pose a significant hazard to human health and safety may be over-concentrated.
6. Screening of issues for potential environmental justice implications.

Consideration of the issues listed above will assist LAFCO and other public agencies in identifying, preventing, and reversing historical problems of procedural and geographic inequity. In undertaking this service review and making the nine determinations, LAFCO used an open public participation process to screen for and identify environmental justice issues.

Demographic data for the study area is limited and generally does not clearly distinguish between population groups of different races, cultures, and incomes. The most recent data available, from the 2006-2010 American Community Survey conducted by the US Census, is displayed in the Table below. At the tract level, the Census area boundaries encompass a larger area than the GFCSD boundaries, but the data provides a demographic framework for the evaluation of environmental justice issues in the Grizzly Flats area. Grizzly Flats is within census tract 314.02, which encompasses a large portion of southern El Dorado County, including the communities of Grizzly Flats, Somerset, Fair Play, Mt. Aukum, Outingdale, and Omo Ranch. The Census data shows that within this census tract, whites comprise the largest racial group with approximately 94% of the population; approximately 4.6%, of the population is of Hispanic/Latino (of any race, from a racial standpoint, anthropologists and

EL DORADO LOCAL AGENCY FORMATION COMMISSION

demographers categorize most Latinos as white unless a person's primary ancestry can be traced back to Africa).

Data is available from the California Office of Education regarding ethnicity of student populations. These statistics are based on school attendance areas and school districts. The community of Grizzly Flats is within the Pioneer Union School District. For the Pioneer Union School District in the 2012-2013 academic year, whites comprise the largest racial group with approximately 74% of the student population; the largest ethnic minority population is Hispanic/Latino with just under 15% of the student population. This demographic data somewhat matches the data from the Census, which suggests that this unincorporated portion of county is relatively homogenous with low numbers of racial or ethnic minorities counted.

Grizzly Flats Area 2010 Census Population by Race

Area	Total	RACE								Hispanic or Latino (Of Any Race)
		White	Black or African American	American Indian and Alaska Native	Asian	Native Hawaiian and Other Pacific Islander	Some Other Race	Two or More Races		
Grizzly Flats, El Dorado County	5,015	4,720 (94.1%)	3 (0.1%)	16 (0.3%)	56 (1.1%)	27 (0.5%)	75 (1.5%)	118 (2.4%)	229 (4.6%)	

Source: 2006-2010 American Community survey

Percentages may not add due to rounding

Income data available from the 2010 Census indicates the median household in tract 314.02 is \$53,414. LAFCO has not found any specific ethnic or economic neighborhoods that are underserved by GFCSD. No low income/minority neighborhoods were identified where facilities and uses pose a significant hazard to human health and safety.

Finally, the 2004 County General Plan does not address environmental justice directly. Although the Environmentally Constrained Alternative did contain related land use and housing policies, the 1996 Alternative and the 2004 General Plan do not contain those sections. The 2004 General Plan Housing Element includes Goal HO: "To provide housing that meets the needs of existing and future residents in all income categories." The housing element also discusses the following special needs groups: people with disabilities, seniors, agricultural employees, female heads of households, homeless persons, and large families and households. Consequently, the extent that the County's planning documents address environmental justice is in its discussion of these special needs groups.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

VIII REFERENCES AND SOURCES

General Background Information:

2004 El Dorado County General Plan: A Plan for Managed Growth and Open Roads; a Plan for Quality Neighborhoods and Traffic Relief, adopted July 2004

Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, prepared by Assembly Committee on Local Government, last updated November 2008

Local Agency Formation Commission Municipal Service Review Guidelines, Governor's Office of Planning and Research, August 2003

LAFCO Procedures Guide, 2006 Edition, San Diego County LAFCO

Governing and Defining Legislation:

Community Services District Law (Government Code §61000, et seq.)

Grizzly Flats Community Services District:

2008 Water, Wastewater and Power Municipal Services Review, prepared by Dudek for the El Dorado Local Agency Formation Commission, adopted February 2008

Grizzly Flats Community Services District Budget, Fiscal Years 2009-10, 2010-11, 2011-12, 2012-13, 2013-14

Grizzly Flats Community Services District Consumer Confidence Reports, 2009-2012

Grizzly Flats Community Services District Website: www.grizzlyflatscsd.com